

**“TOWARDS IMPROVING THE FINANCIAL
PERFORMANCE OF
KUANTAN KERTEH RAILWAY SYSTEM (KKRS)”**

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EXECUTIVE SUMMARY

Nowadays, railway services have become a very popular means of transport to deliver raw materials; semi-manufactured goods and finished goods due to its lower transportation cost per volume. With the efficient freight railway system, goods can be delivered to their intended address on time. Rigid scheduling and destination has been overcome by the intermodal concept, which gives more flexibility in delivering the goods. With the Just In Time concept, there is a need to have an efficient freight railway system. Chemical products, which are hazardous, can be transported away from the busy road and highly populated area. Traditionally, those products were mostly transported by road with the prime mover and subjected to a very high risk from the road traffic and will cause the road congestion. As part of the social commitment by Petronas, the railway track linking the Kerteh Industrial area with Gebeng Industrial area in Pahang and Kuantan Port was built. The main objective is to provide a safe and reliable alternative means of transportation, which help to alleviate the danger in the carriage of hazardous petrochemical products and reducing traffic congestion on public roads. Kuantan Kerteh Railway System, which is the subsidiary of MISC Integrated Logistic was established to run this freight railway system. From the start, their operation is running at loss and was projected to run at loss for the next 20 years. This is partly contributed by the lack of customers that is using the service as their transportation arm. The objectives of this study are to analyze the current company financial performance, identify the factors that contribute to the poor financial performance, give suggestions and recommendations to improve the financial performance by looking at the aspect of marketing, safety, operation cost, human resource and maintenance in order to promote the service to the factories located at Kerteh and Gebeng Petrochemical Industrial Area. Petlin is the only customer to Kuantan Kerteh Railway System instead of four customers

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